

**ASHLAND COMMUNITY & TECHNICAL COLLEGE'S  
ADMINISTRATION OF BOYD COUNTY'S ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON  
POSTSECONDARY EDUCATION AND KENTUCKY  
ADULT EDUCATION**

**For The Period  
July 1, 2011 Through June 30, 2012**



**ADAM H. EDELEN  
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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

September 4, 2013

Reecie Stagnolia, Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

Kay Adkins, President and CEO  
Ashland Community & Technical College  
1400 College Drive  
Ashland, KY 41101-3617

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Adkins:

This report contains the results of the performance audit of Ashland Community & Technical College's administration of the adult education grant for the fiscal year (FY) ending June 30, 2012. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report presents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written over a horizontal line.

Adam H. Edelen  
Auditor of Public Accounts



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AS OF JUNE 30, 2012**

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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Boyd County adult education program for a limited scope performance audit of its adult education and English literacy/civics grants. The Ashland Community & Technical College was responsible for the administration of these grants in FY 2012. An on-site review was conducted on April 25, 2013 through April 26, 2013, to address the following objectives:

- Determine whether KYAE payments to local programs are supported by the program's accounting system.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN) with the information retained by the local provider.
- Determine whether the program's expenditures reported to KYAE via AERIN's Finance Module comply with the terms of their grant agreement and are supported by adequate documentation.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements. Below is the summary of findings:

**FINDINGS SUMMARY**

<b>Finding</b>	<b>Disallowed Costs</b>
To be eligible for adult education services, CPE and KYAE require that the participant must score 11.9 or below on their initial assessment or lack a high school diploma. One participant within the basic adult education grant scored 12.9 on their initial assessment and had obtained a high school diploma.	N/A

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## **RESULTS AND RECOMMENDATIONS**

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### **FINANCIAL REPORTING AND COMPLIANCE**

#### **Scope and Methodology**

The annual expenditures for which the program requested reimbursement through the KYAE Finance Module were compared to the line item budget approved by KYAE. This comparison was used to determine whether the program's reimbursements complied with the approved budget for both KYAE grants.

The annual expenditures for which KYAE reimbursed the program were then compared to the program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement using the KYAE Finance Module for both KYAE grants.

#### **Findings**

No exceptions were noted.



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**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

To ensure an unbiased representation of the population, an automated process using data provided by KYAE was applied to randomly select 60 participants for the basic adult education grant. Two additional participants receiving services from the English literacy/civics grant were judgmentally selected for testing from the paper documentation maintained on-site at the program. For the basic adult education grant, the sample size was based on the determination to test 20 percent of the program's total participants, not to exceed 60. For the English literacy/civics grant, the sample size was based on the determination to test 15 percent of the total participants, not to exceed 15.

Using an automated process, the total population of participants within the basic adult education grant was stratified so that the participants selected had achieved at least one type of academic goal. With this stratification, the auditors were able to test whether the required support was documented and maintained for all of the selected participants. The participants tested received services during the period from July 1, 2011 through June 30, 2012.

The documentation maintained in the participant files was compared to the electronic student data to test compliance. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The results of the test apply only to the selected sample and should not be projected to the entire population because the criteria tested may not be applicable to each participant.

**Findings**

To be eligible for adult education services, CPE and KYAE require that the participant must score 11.9 or below on their initial assessment or lack a high school diploma. One participant within the basic adult education grant scored 12.9 on their initial assessment and had obtained a high school diploma. Under current policies and procedures related to participant eligibility, this student should not have received adult education services.

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**Recommendations**

We recommend the program ensure compliance with applicable policies and procedures related to participant eligibility or otherwise obtain permission from KYAE to enroll potential students who fail to meet the eligibility requirements.

**Program Response**

This only demerit that our Program received was a result of our enrolling an incarcerated student even though she had tested above 11.9 grade level, thus making her ineligible for enrollment. The reason our instructor enrolled her was a combination of not fully understanding the rationale behind the rule restricting her enrollment and the instructor's effort to assist the student in making something of herself once she would be released from jail. In short, the instructor's desire to help the student better herself resulted in our only discrepancy.

This student, who was being held in the Boyd County Detention Center, eagerly accepted the offer for Adult Education instruction despite the fact that she already had a high school credential. She scored 12.9 on each of the three TABE tests that our instructor administered. Upon learning that part of the services of the Adult Education Program was the NCRC (National Career Readiness Certificate), she decided she would like to earn the certificate in hopes of it increasing her odds of landing suitable employment once she was released from jail. In fact, in filling out her enrollment sheet, she wrote, "get diploma (NCRC) and get out of jail"!

Our instructor had the misfortune of making the logical assumption that earning the NCRC should abide by the same rule as the one regulating earning the GED since both certificates are considered performances on the KYAE/AERIN Performance Report. The student would have had to be enrolled to earn a GED, and to this inmate, the NCRC was every bit as important, given her circumstances.

But we understand rules are rules, and the instructor and all other parties with the Ashland Adult Education Program now understand that no student holding a high school diploma or its equivalency and who scores above 11.9 on the TABE can be enrolled, regardless of his/her status or residence.

Understanding the rule does not mean that we feel it is justifiable, however. We would encourage KYAE to give careful consideration to allow an exception for someone who is incarcerated who wants to better himself/herself by earning the NCRC. We feel that this individual and others like her should be allowed to enroll in Adult Education Programs if it means earning a credential that would help them become a contributing member of society. Inmates do not have the luxury to going to the local One Stop Center, etc. to seek the NCRC, but could earn it under our auspices while being incarcerated. Furthermore, we protest the finding that our Program suffered a demerit because of our efforts to help this young woman. Our intentions were honorable, and the actions of our instructor did not cause KYAE or the Program to incur any extra costs. The instructor was already providing classes at the jail, so one more student didn't increase the cost, and the jailer even paid for the results of the paper and pencil WorkKeys exam.

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It is our hope that the result from this issue is that KYAE changes the guidelines for enrolling incarcerated students seeking the NCRC. We feel that no matter their TABE results, these students should be allowed to enroll in an effort not only to earn the GED BUT also the NCRC. The Certificate is an important tool in preventing recidivism and cannot be easily attained through other means. Thank you for giving any consideration to this request.

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**EMPLOYEE REQUIREMENTS**

**Scope and Methodology**

The ten staff members employed by this program during the audit period were tested for compliance with KYAE personnel requirements. Personnel files were examined to verify that staff conducting work related to the adult education grant had the proper educational credentials required for their position.

**Findings**

No exceptions were noted.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

To test at least 20 percent of the total purchases within each grant, a sample of 15 expenditures reimbursed by the basic adult education grant and a sample of three expenditures reimbursed by the English literacy/civics grant were selected judgmentally from the program's detailed general ledger. These transactions were maintained at the program level and not available in an electronic format that would allow for an automated selection process. The selected expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2011 through June 30, 2012. Because this was a judgmental sample, the results of the test cannot be projected to the entire population.

**Findings**

No exceptions were noted.

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**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Internal Control Questionnaires were provided to program management regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The completed questionnaires were reviewed by the audit team for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.